Nova Scotia Department of Finance

Accountability Report
2003-2004

NOVA SCOTIA
Department of Finance

106-05016/

Department of Finance

Accountability Report for the Fiscal Year 2003-2004

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Accountability Statement

The Accountability Report of the Department of Finance for the year ended March 31, 2004 is prepared pursuant to the *Provincial Finance Act* and government policy and guidelines. These authorities require the reporting of outcomes against the Department's business plan for the fiscal year 2003-2004. The reporting necessarily includes estimates, judgments, and opinions of the Department of Finance's management.

We acknowledge that this accountability report is the responsibility of the Department of Finance. The report represents, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the Department of Finance's business plan for the year.

[*Original signed by*]
Honourable Peter G. Christie
Minister of Finance

[*Original signed by*]
Vicki Harnish
Deputy Minister

Message from the Minister

The Department of Finance is committed to open and transparent accounting of the Province's books. We are responsible to the taxpayers of Nova Scotia, and as such, I am pleased to present this Accountability Report, based on the goals set forth in the 2003-2004 business plan.

All aspects of the Department's core functions are aimed at achieving fiscal stability for the Province. We continued to make steady progress during 2003-2004 by delivering a second consecutive balanced budget and by beginning the process to address our debt.

We will meet our ongoing commitment to be accountable with timely reports on the status of the Province's fiscal situation throughout the year.

Honourable Peter Christie
Minister

Accountability Report, 2003-2004

The Accountability Report is based on the goals, priorities, and intended outcomes set out in the Department of Finance's Business Plan, 2003-2004. The purpose of the report is to provide an account of progress made on our goals and to measure performance within core business areas. Historical and comparative information has been included within the performance measurement section to provide greater depth and precision, and to enhance the meaning of the information for the reader.

Mission

Establish a fiscal climate conducive to economic growth and provide central agency support and policy direction for effective management of the Province's finances and pension administration.

Strategic Goals

- Enhance financial accountability and fiscal planning in the management and control of the Province's finances.
- Achieve effective money management that maximizes return on investments and minimizes debt servicing costs within acceptable risk tolerances.
- Provide for equitable, efficient, and effective taxation that promotes economic growth in a strategic way.
- Provide a core set of central agency services that supports other government departments and agencies in the management of the Province's programs and public resources.

Progress and Achievements: Priorities for 2003-2004

Priorities included in the 2003-2004 Business Plan are grouped under the relevant Core Business Area.

Core Business Area: Financial Management

A core business that involves financial accountability in the management and control of the Province's finances, expenditure monitoring and reporting (shared with Treasury & Policy Board), and accounting, payroll, and pension administration.

Priority No. 1

Improve overall fiscal management by producing relevant and timely financial reports and continue to monitor and report on the fiscal plan in a timely manner, in conjunction with Treasury and Policy Board.

Accomplishments

- Quarterly fiscal and economic reports were produced (in conjunction with TPB) which provided timely financial updates and consistent budget-related information.

- The Department tabled the Province's Public Accounts for fiscal year ended March 31, 2003 on November 13, 2003 - in advance of the December 31st legislated requirement and in compliance with Generally Accepted Accounting Principles (GAAP). During the last quarter of the fiscal year, legislation to revise the *Provincial Finance* Act was proposed which changed the date of the Public Accounts' release to September 30th of each year, effective September, 2004.

- The Department produced its 2002-03 accountability report and performance measures in compliance with the *Provincial Finance Act*, and according to the guidelines developed by Treasury and Policy Board.

Priority No. 2

Enhance accountability and governance structures as they relate to public policy and administration of financial resources through the government's financial management policies and procedures, ensuring compliance with the Public Sector Accounting Board's (PSAB) Guidelines and adherence to Generally Accepted Accounting Principles (GAAP) for reporting financial results.

Accomplishments

- Completed a comprehensive Tangible Capital Asset (TCA) policy review and received the Minister's approval for amendments which were applied to the 2003-2004 fiscal year. To ensure open communication, there was a briefing for Liberal and NDP caucuses, a public

press release, and copies of the final documents were sent to the Office of the Auditor General.

- Developed a draft strategy to update school board accounting policies in compliance with GAAP.

- Canadian Generally Accepted Accounting Principles for government are set by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB). Nova Scotia remained ahead of most provinces in implementing PSAB financial reporting standards. This included implementing appropriate accounting for post employment benefits during the year.

Priority No. 3

Maintain timely and efficient payroll and government accounting services to government departments and agencies and maintain effective and efficient administration of pension services to plan members and beneficiaries.

Accomplishments

- Effective and efficient pension services were provided throughout 2003-2004. To enhance service to plan members, web-based calculators were under development for April, 2004.

- Annual reports and direct mail-outs of pension benefit statements were reinstated.
- Systems were effectively maintained and all deadlines were met for payment of payroll and accounts payable.
- The new HR/Payroll system for the Province continued to receive support as it moves closer to implementation.
- Initiated an Electronic Vendor Payment project to enhance the timeliness and efficiency of payments to vendors.
- Initiated a new Corporate Credit Card strategy to streamline both procurement and payment processing within government.
- Completed a review of the pension administration system project, Penfax, by March 31, 2004. Follow-up actions are to take place in 2004-2005.

Core Business Area: Investment and Treasury Management

A core business that includes the processes, policies, and procedures that ensure effective money management, maximizing return on investments, and minimizing debt servicing costs within risk tolerances acceptable to government. Specific business activities include managing the debt portfolio, provincial pension funds, and the treasury function.

Priority No. 4
Effectively manage financial risk from unforeseen events, in managing the investment assets and liabilities of the Province

Accomplishments
Investment assets:

- Added a second staff person to the portfolio analytics section to enhance manager compliance and risk analysis.
- Reinstated credit committee for internally managed fixed income portfolios.
- Started to add real estate to the overall portfolio to reduce volatility and provide better inflation protection.

Liabilities:

- The Department of Finance issued $600 million in 30-year long-term debt, thereby transferring risk from the Province to financial markets.
- The sinking fund and Public Debt Retirement Fund investments were held in Government of Canada, Nova Scotia, other provinces, and AA corporate bonds.
- Department of Finance - on behalf of the Province - pre-borrowed approximately $400 million in 2003-2004 for future years given the favourable market conditions experienced during the 2003-2004 fiscal year.

Priority No. 5
Continue to reduce the Province's foreign currency exposure.

Accomplishments

- Foreign currency exposure declined to 16.9% by March 31, 2004, and net of USD sinking funds, the foreign currency exposure was only 13.1%. The decline is more dramatic when the 2003-2004 percentage is compared with the March 31, 1995 level of exposure: at that time the Province's foreign currency exposure was 72% and was held in a number of different currencies.

Priority No. 6
Improve investor relations by making strong presentations to rating agencies on our financial position.

Accomplishments

- The Department of Finance delivered presentations to all three rating agencies in 2003-2004. DBRS upgraded the Province of Nova Scotia's long-term debt rating to A(low) from BBB(high) in August 2003, and Standard & Poor's changed the Province of Nova Scotia's rating outlook to A- positive from A- stable. Subsequent to year-end, Standard & Poor's and

Moody's Investor Service upgraded the Province of Nova Scotia's long-term debt rating to A from A-, and from A3 to A2 respectively.

Priority No. 7
Effectively manage the assets of the Teachers' Pension Plan and Public Service Superannuation Plan and the pensions plans and insurance programs of the former Sydney Steel Corporation

Accomplishments
- Plans exceeded both assumed rate of return and benchmark rates of return in calendar year 2003. (See the Performance Measurement section for additional information.)

Core Business Area: Fiscal Planning and Policy
This core business includes: fiscal planning and budgeting (shared with Treasury and Policy Board), revenue and economic forecasting, and tax policy/analysis and federal fiscal policies and arrangements.

Priority No. 8
Support a prudent, sustainable, and balanced fiscal plan.

Accomplishments
- The Department played a key role in the budget process, working closely with TPB to ensure expenditures were closely monitored, and ensuring accurate and timely revenue projections were provided. The work contributed to the achievement of a second balanced budget and a surplus of $42.6 million (*Public Accounts, Volume 1-Financial Statements for the fiscal year 2003-2004).*

- The Department provided ongoing support for the Provincial Debt Reduction Plan. The Plan was articulated in "The Next Step, Debt Reduction: A Four Year Plan" (released in June, 2003), a follow-up to 2002-2003's "A balanced Approach to Surplus and Debt Management," which outlined the provincial debt burden and the importance of addressing the debt challenge.

- In the Spring, 2004 session of the Legislature, an amendment was made to legislate the Provincial Debt Reduction Plan. Besides providing for a debt retirement fund of $6 million annually, the *Provincial Finance Act* was amended to require that all extraordinary revenues, as designated by the Minister, be paid into the fund.

Priority No. 9
Provide an assessment of the tax initiatives within the Province to achieve a more competitive and responsive tax environment.

Accomplishments

- Provided tax policy analysis and advice on a number of different tax initiatives to inform decision-making by Cabinet and government departments.
- Presented recommendations to Cabinet on Labour Sponsored Venture Capital and Equity Tax Credit.
- Provided advice and recommendations on a number of different options relating to Personal Income Tax changes

Priority No. 10

Provide timely revenue forecasts essential to government's fiscal planning and budgeting.

Accomplishments

- Prepared revenue forecasts and updates within the required time frames.
- Received a successful review by the Auditor-General's office.
- Continued to enhance economic (input-output) models to improve the timeliness and accuracy of revenue forecasting.

Priority No. 11

Provide tax policy and advisory services to departments and agencies to ensure new programs and services consider tax implications and are cost-effective in the use of public funds.

Accomplishments

- Worked with a number of departments (e.g., Tourism, Culture and Heritage; Office of Economic Development; Office of Health Promotion) to identify the implications of certain tax initiatives and programs under consideration.

Priority No. 12

Provide research, analysis, and advice on key federal-provincial issues and effectively represent Nova Scotia's interests in negotiations with other governments in such areas as federal transfer payments comprising equalization, the Canada Health and Social Transfer, and tax collection agreements.

Accomplishments

- Represented the Province at f/p/t meetings dealing with changes to the equalization formula. In the 2004 federal budget a new equalization program was laid out which included many technical changes to add stability and predictability to the program. The program will continue to undergo extensive changes in the coming years as the federal government continues to look for ways to reduce volatility in the program.

- Extensive analysis surrounding potential formulas for delivering health and social funding were explored with provincial colleagues. This supported the Province's representations at the February, 2004 First Ministers Meeting on Healthcare.

Core Business Area: Central Agency Services
A core set of services that supports programs and public resources throughout the provincial government, including: corporate information systems, internal audit, statistics, and economic analysis.

Priority No. 13
Provide government departments and agencies with advice on and access to a wide range of social and economic statistics to support evidence-based management and policy development.

Accomplishments
- There were 255,970 downloads from the Statistics Division's website in calendar year 2003 (see the performance measurement section for comparison data), and 6,597 time series downloads via Statistics Canada's CANSIM II electronic data access system.
- A number of data purchases were made on behalf of other client departments, mainly on a cost recovery basis, and some statistical analysis was completed for the Office of Aboriginal Affairs using census profiles.
- Provided DailyStats e-mails to 152 subscribers and monthly statistical publications to 57 subscribers.
- The International Trade publication was updated to 2003, and the Statistical Review for 2003 was enhanced.

Priority No. 14
Provide economic impact, benefit-cost and economic policy analysis to client departments and agencies for optimal use of public funds.

Accomplishments
- Numerous projects were completed throughout fiscal year 2003-2004 on behalf of other client departments and agencies, including economic impact assessments of NSBI's client proposals.

- Nova Scotia's econometric model was updated with new historic economic data for 2002 and prior years.

Priority No. 15
Perform value-added corporate audit services to client departments and agencies for effectiveness of
control structures and cost-effective usage of public funds.

Accomplishments

- Released 13 Audit Reports to various departments.
- Involved in, or assisted various consulting activities, such as e-Merge, the Electronic Vendor Payments Project, and SAP Support Strategy. This role will continue into the next fiscal year.
- Consulting services were provided to other departments, as requested.
- Internal Audit commenced discussions on developing the role that Corporate Internal Audit will have within Government, which will translate into a Strategic Plan and governance structure for the Division.
- Developed a Client Survey to obtain meaningful feedback on performance.
- Initiated several activities to improve internal controls and minimize business risk.

Red Tape Reduction

N/A

Budgeting Context

FY2003-2004

	2003-2004 Estimate ($ thousands)	2003-2004 Actual ($ thousands)	2004-2005 Estimate ($ thousands)
Total Program Expenses - Gross	$27,216.0	$25,146.0	$28,530.0
Net Program Expenses - Net of Recoveries	$13,235.0	$12,788.4	$14,134.0
TCA Cash Flow	$ 4,270.0	$ 3,512.0	$ 6,759.3
Salaries & Benefits	$13,918.0	$12,697.9	$13,838.0
Funded Staff - **Gross** FTEs	236.9	211.4	233.1
Funded Staff - **Net** FTEs	159.9	146.8	153.1

Variance Explanations: 2003-2004 Estimate to 2003-2004 Actual

- **Net Program Expenses - Net of Recoveries**

  Variance ($447.0) as a result of additional savings ($300k) achieved through the management of vacancies and departmental operating accounts over and above the savings achieved through the Budget Management Plan ($330k) offset by an increase in amortization costs as a result of changes in the TCA policy.

- **Salaries & Benefits**

  Variance ($1,220.1) - savings achieved through the management of vacancies and normal staff turnover.

- **TCA Cash Flow**

  Variance (758.0) - variance due to project delays which resulted in expenses being deferred to fiscal year 2004-2005.

- **Funded Staff**

Division	2003-2004 Estimate	2003-2004 Actual	2004-2005 Gross Estimate	Recovered from External Agencies	2004-2005 Net Estimate
Senior Management	6	6	6	-0.5	5.5
Office of the Assistant Deputy Minister	45.4	38.5	43.9	0	43.9
Corporate Services Unit	37	34.7	28	-1.5	26.5
Controller	101.2	96.5	111.4	-34.3	77.1
Pensions & Investments	47.3	35.7	43.8	-43.7	0.1
TOTALS	**236.9**	**211.4**	**233.1**	**-80**	**153.1**

Measuring Our Performance, 2003-2004

The following measures reflect the approved changes made in the 2004-2005 Business Plan - changes that resulted from a detailed assessment of each measure - its validity, relevance, and reliability. The report accounting for each change was forwarded to TPB with the 2004-2005 Business Plan, and is available from the Department of Finance upon request.

Core Business: Financial Management
Measure: Surplus/Deficit Budget
Outcome: Effective management of the Province's financial operating resources

What does the measure tell us?

This measure indicates the status of the provincial budget. A balanced budget indicates government has its spending under control.

Where are we now?

The Province delivered another balanced budget in 2003-2004, showing a surplus of $42.6 million. A surplus has been estimated again for 2004-2005.

Where do we want to go?

The target - to meet the legislated requirement for a balanced budget - has been achieved again in 2003-2004. To assist government in achieving the target of a balanced budget, the Department of Finance works closely with Treasury and Policy Board to ensure expenditures are closely monitored, and continually enhances its fiscal models to improve in-house revenue forecasting.

Core Business: Financial Management
Measure: Timeliness of Public Accounts Documentation
Outcome: Open and transparent financial reporting

What does this measure tell us?

Financial statements are an audited confirmation of the financial performance and position of the Province for the fiscal year. It is important for users – especially external users like debt rating agencies - to receive this information on a timely basis. These agencies use the audited information for assessment and decision-making in regard to their relationship with the Province. Timely release of the information also enhances the credibility of these processes.

Where are we now?

The Department tabled the Province's Public Accounts for fiscal year ending March 31, 2003 on November 13, 2003 - in advance of the December 31st legislated requirement and in compliance with GAAP. During the last quarter of the fiscal year, legislation was prepared to revise the *Provincial Finance Act* to change the date of the Public Accounts' release to September 30th of each year, to be effective September, 2004.

Where do we want to go?

Our target for 2004-2005 was to release the Public Accounts by October 31st. By complying with the revised date in the *Provincial Finance Act* - September 30th - we have exceeded the original target.

Core Business: Investment and Treasury Management
Measure: Net debt service cost expressed as a percentage of net debt outstanding
Outcome: Effective and prudent management of the Province's financial assets and liabilities

What does the measure tell us?

The measure is an indicator of the average interest cost payable on the Province's net debt. However, as debt servicing costs are comprised of accounting adjustments, including various items for pension accounting, the measure is not precise.

Where are we now?

Net debt service costs as a percentage of net debt outstanding declined to 6.6% in 2003-2004 from 6.7% in 2002-03. Note that the 2002-03 percentage was estimated at 7.2% in the Business Plan, 2004-2005. The previous year's percentage is subject to change because the calculation uses both actual and estimated net debt. Once the final numbers are published, the calculation must be redone and the percentage is restated.

Where do we want to go?

The target is to be comparable with other provinces, while staying within an acceptable level of risk.

Core Business: Investment and Treasury Management
Measure: Percentage of foreign currency exposure in debt portfolio
Outcome: Effective and prudent management of the Province's financial assets and liabilities

What does the measure tell us?

The measure indicates the risk to net debt servicing costs arising from changes in the value of the Canadian dollar relative to the US dollar.

Where are we now?

Foreign currency exposure declined to 16.9% as of March 31, 2004 - down from 18.1% in 2003. The Province pre-borrowed approximately $400 million in 2003-2004 for future years given the favourable market conditions experienced during the 2003-2004 fiscal year. There has been marked improvement in this measure since 1995, when the percentage of foreign currency exposure was 72.2%.

Where do we want to go?

Section 52A of the *Provincial Finance Act* requires the Province to reduce foreign currency exposure to 20% or less, and to refinance all maturities with a term greater than one year in Canadian dollars. The Department of Finance has achieved the 20 percent foreign exchange exposure target well ahead of the 2004-2005 target date.

Core Business: Investment and Treasury Management
Measure: Credit ratings of major rating agencies
Outcome: Efficient and prudent management of the Province's financial assets and liabilities

What does the measure tell us?

A credit rating is an evaluation of a borrower's ability and willingness to pay interest and to repay principal. Rating firms provide investors with these measures of credit quality of bonds or other financial instruments. A credit rating affects the borrower's debt servicing costs and the investor's rate of return since an investor will demand a higher interest rate on a more risky, lower-rated security.

Where are we now?

The Dominion Bond Rating Service (DBRS) upgraded the Province of Nova Scotia's long-term debt rating to A(low) from BBB(high) in August 2003, and Standard & Poor's put the Province's rating outlook at A- positive, from A-stable. Subsequent to year-end, Standard & Poor's and Moody's Investor Service upgraded the Province of Nova Scotia's long-term debt rating to A from A-, and to A2 from A3, respectively.

Where do we want to go?

Our target for 2004-2005 - to improve credit ratings - has been achieved. We will continue to monitor credit ratings in the future.

Core Business: Investment and Treasury Management
Measure: Funded Status of Teachers' Pension and Public Service Superannuation Plans
Outcome: Effective management of the assets of the provincial pension plans

What does the measure tell us?

This is the standard measure used in the pension industry. It indicates the percentage of the pension plan's liabilities that is backed by real assets - if the plan were to be wound up at the actuarial date. The closer the funded status is to 100%, the greater the level of confidence pension plan members and beneficiaries have that their benefits are secure.

Where are we now?

The following table which shows the position for each plan, .includes the most current data available at this time.

Positions for the PSS and TPP Plans, 2002 and 2003

Year Ended	PSS	TPP
December 31, 2002	82.1%	76.8%
December 31, 2003	85.8%	81%

Source: Nova Scotia Department of Finance

Where do we want to go?

The original target for 2004-2005 was 100% as this *is* the long-term goal for all pension plans. Market returns are the primary short-term driver of the overall funded status of the plans and while market returns in 2003 were very good, they were not sufficient to make up the entire shortfall in one year. A review of the pension plan positions for 2003 and 2002 shows a substantial improvement in the funded status, however. The Department is engaged in a number of studies of its processes and, in conjunction with the plan's stakeholders, is in the process of implementing changes to lead to 100% funded status in the long term (10 - 15 years). It is anticipated that these discussions will be complete by the end of fiscal 2004-2005, and the resulting changes will be complete by the end of fiscal 2005-2006. Performance targets which take into account the new metrics will be developed upon completion of the stakeholder discussions.

Core Business: Fiscal Planning and Policy
Measure: Provincial Government Debt (Net Direct Debt) as a percentage of GDP
Outcome: Prudent and sustainable fiscal plan

What does the measure tell us?

Net direct debt (NDD) as a percentage of GDP are indicators of the fiscal sustainability and flexibility of the province. The higher the ratios, the greater the debt burden on the residents of Nova Scotia. Due to accounting changes and corrections that must be made throughout the year, the NDD is often restated in the year-end financial statements of the Province, resulting in changes to the NDD/GDP ratio. For information as to the actual accounting adjustments made, the reader is referred to *Public Accounts, Volume1-Financial Statements, 2003-2004.*

Where are we now?

As of March 31, 2004, the NDD/GDP ratio decreased to 42.8%. This represents a decrease from 45.1%, the restated ratio for 2002-03.

Where do we want to go?

Our target is to continue to reduce the ratio, working closely with TPB on expenditure control.

Core Business: Fiscal Planning and Policy
Measure: Overall corporate income and capital tax rates
Outcome: Positive climate for investment that stimulates economic growth

What does the measure tell us?

Corporate income and capital tax rates measure the overall business tax rate applied to Nova Scotia business[1]. It is the most visible form of taxation for businesses looking to invest in Nova Scotia. This measure tells us the general tax rates applied to business income and to business capital – two major elements of business investment. By monitoring these rates, we can compare them to rates in other jurisdictions to ensure that the Province remains competitive.

Where are we now?

The table provides an overview of where Nova Scotia is today in comparison with other Atlantic Provinces. Although the small business rate has not changed in Nova Scotia, the threshold on which that rate applies has been increased to match recent increases announced by the federal government. These rates do not take into account tax credit programs that exist in Nova Scotia or the other provinces.

Atlantic Canada Business Tax Rates, 2004

	Nova Scotia	New Brunswick	PEI	Newfoundland and Labrador
General income tax	16%	13%	16%	14%
Small Business income tax	5%	3%	7.5%	5%
Large Corporations Tax (Capital Tax)	0.30%	0.3%	Nil	Nil

Where do we want to go?

The 2004-2005 target - to have the lowest level of tax burden in Atlantic Canada - will continue to be a long-term goal. Realistically, we can try to ensure our business tax rates remain competitive with other provinces while maintaining fiscal responsibility. Maintaining a balanced budget will allow the Province to remain competitive.

[1] The current measure looks only at the general rates and does not include special tax incentives and targeted measures.

Core Business: Fiscal Planning and Policy
Measure: Marginal Effective Personal Tax Rates
Outcome: Positive climate for investment/economic growth

What does the measure tell us?

Marginal effective personal tax rates look at the marginal effective tax rates in four personal income ranges - commonly referred to as the low, middle, and high brackets, and either a high-income surtax or a fourth bracket. The measure tells us how much tax an individual can expect to pay on the next dollar of *taxable income* earned, but it is not designed to measure the tax burden. In addition, the presentation of these rates in this manner enables us to compare Nova Scotia with other jurisdictions.

Where are we now?

The table shows the marginal effective rates in Atlantic Canada. As a result of the move to Tax on Net Income, individual provinces are allowed to move income brackets. This has resulted in differing brackets across the country which can hinder effective comparability. We have chosen to use the terms Low, Middle, High and High Plus to distinguish the brackets in Nova Scotia. Generally, the low bracket is up to about $30,000, the middle bracket is up to about $60,000, and the High is over $60,000. High Plus refers to the point at which a high income surtax starts (based on the amount of basic tax payable, in Nova Scotia's case $10,000 of tax), or where an additional bracket begins (in New Brunswick's case, $100,000 of income). (A surtax is calculated as a percentage of basic tax in excess of a certain threshold.)

In the 2003-2004 budget, the Province announced a one-time Nova Scotia Taxpayer Refund of $155 to the Nova Scotians who paid provincial income tax. This refund cannot be reflected in the rates, but does represent a reduction in the tax burden of an estimated $78 million.

Marginal Effective Personal Tax Rates, 2004

	Nova Scotia	New Brunswick	PEI	Nfld & Labrador
Low	8.79%	9.68%	9.8%	10.57%
Middle	14.95%	14.82%	13.8%	16.16%
High	16.67%	16.52%	18.37%	18.02%
High Plus[1]	19.25%	17.84%	18.37%	19.64%

Source: N.S. Department of Finance

[1] Percentages include the effect of the 10% surtax.

Where do we want to go?

In the 2004-2005 Budget, the Province announced adjustments to the tax reductions in the previous year's budget to ensure funding was available for Nova Scotia's priorities of education and health care. The adjustment ensures that low-income individuals continue to receive the full benefit of the tax reductions. All but the highest income individuals will continue to receive some form of tax reduction.

The 2004-2005 target - to be the lowest level of tax burden in Atlantic Canada - will continue to be a long-term goal.

Core Business: Central Agency Services
Measure: The number of electronic downloads of statistical publications (internet and intranet web sites)
Outcome: More informed program delivery and policy development

What does the measure tell us?

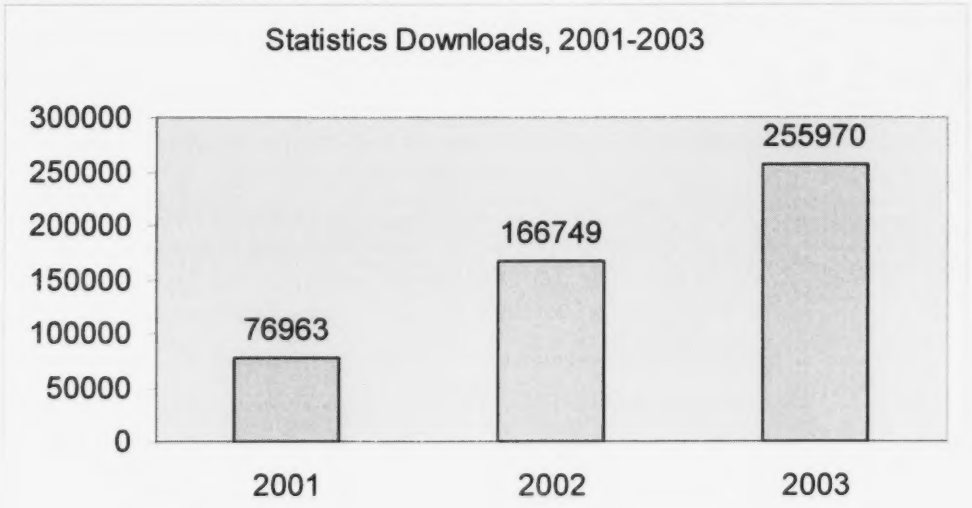
This measure counts the number of times electronic publications were downloaded from the Statistics Division's web sites. We are making a logical link between the downloading of statistics by users and their subsequent use of the statistics, which should contribute to the eventual achievement of the intended outcome - more informed program delivery and policy development.

Where are we now?

In 2003, statistics downloads increased 53.5% - there were 255,970 downloads versus 166,749 in the previous calendar year. The Statistics Division of the Department of Finance is responsible for providing government departments and agencies with advice on and access to a wide range of social and economic statistics to support evidence-based management and policy development

Where do we want to go?

Continued increased usage of the statistical information is preferred, but at some point the rate of growth will level off unless the number of publications on the web site increases.



Source: NS Department of Finance

Core Business: Central Agency Services
Measure: Proportion of entities/MASH sector with systems in place to monitor third-party spending
Outcome: Effective management of the Province's financial operating resources

What does this measure tell us?

The implementation of a common Enterprise Resource Management software can unite all business processes of the government into one, comprehensive system. Each application has the ability to stand alone because of the modular structure of the software. The applications address areas of operations such as accounting, materials management, utilities billing, and human resources. These applications have the potential to span the entire range of the business done by government, and they will remain current with government's changing needs.

This measure tells us the number of provincial reporting entities with effective financial management systems and the number of provincial departments which have online and realtime access to their respective provincial reporting entities' financial information.

Where are we now?

The government is providing funding and in-kind support for a number of SAP implementation projects. The following list represents where SAP systems have been implemented as of March 31, 2004:

- 100% of provincial departments & agencies
- 100% of regional school boards (and at the school level, implemented within the Annapolis Regional and Chignecto Regional School Boards)
- 100% of regional housing authorities
- Six provincial municipalities

In addition, the Halifax Regional Water Commission was a key project participant in the implementation of the SAP Utilities module for the CB Regional Municipality, which helped to support its long-term goal to implement SAP modules, beginning in the summer of 2004.

Where do we want to go?

The target - to implement financial systems in all school boards by 2004-2005 - has been achieved. Implementation of the Human Resources module within the Province and school boards will continue throughout fiscal year 2004-2005.